CONSUMER RESEARCH INPUTS INTO PUBLIC POLICY DECISION MAKING: THE ROLE OF CANADA'S CONSUMER RESEARCH AND EVALUATION BRANCH

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Abstract

In recent years, the Canadian government has taken positive steps to encourage policy-related consumer research. The ultimate objective is more effective consumer policy. This paper describes the organization and orientation of the Consumer Research and Evaluation Branch of Consumer and Corporate Affairs Canada. It also describes the policy development process employed by the Branch and Department and examines some of its ongoing activities. These activities are designed to improve interactions between policy officials and consumer researchers, and to facilitate the production of relevant and timely policy oriented consumer research. Finally, the paper looks into some future issues for policy research in the consumer field in Canada.

Introduction

A number of authors have commented on the importance of consumer research inputs for public policy decision making (for example, Day, 1976; Wilkie and Gardner, 1974; Granbois and Olshavsky, 1972). The consensus appears to be that many policies are based on little or no consumer research. This situation can be attributed to many factors not the least of which is a lack of interaction between policy officials and consumer researchers.

The purpose of this paper is to describe some recent Canadian developments designed to facilitate the utilization of consumer research in policy decisions of the Canadian federal government. Particular emphasis is placed on the Consumer Research and Evaluation Branch of Consumer and Corporate Affairs Canada which is beginning to play an important role in focussing consumer research on policy needs.

Background and Mandate

In order to place the following discussion in perspective, it is necessary to outline briefly the mandate of Consumer and Corporate Affairs Canada (CCAC) as well as the philosophy which has evolved for the implementation of that mandate.

Some people trace the initial impetus of a "consumer movement" to the early sixties and the statement of consumer rights, first articulated by U.S. President John F. Kennedy. In a period of increasing affluence and economic growth, the need was seen for measures to protect consumers against localized defects in the distribution system - the fly-by-night operator, hazardous products and misleading advertising - and to enhance the consumer's ability to choose effectively amongst alternative products on the basis of "accurate, honest and intelligible information". In Canada, these factors gave rise to the formation of the Department of Consumer and Corporate Affairs (now Consumer and Corporate Affairs Canada) in 1967. It is worthy to note that Canada was the first country to create a Department, headed by a Cabinet Minister, specifically charged with consumer protection.

The mandate of the Department is found in the Consumer and Corporate Affairs Act. As specified in sub-section 6(1), the duties of the Minister with respect to consumer affairs are to:

"(a) initiate, recommend or undertake programs designed to promote the interest of the Canadian consumer;
(b) co-ordinate programs of the Government of Canada that are designed to promote the interest of the Canadian consumer;
(c) promote and encourage the institution of practices or conduct tending to the better protection of the Canadian consumer and co-operate with provincial governments or agencies thereof, or any bodies, organizations or persons, in any programs having similar objectives;
(d) undertake, recommend or assist in programs to assist the Canadian consumer and be more fully informed about goods and services offered to the consumer; and
(e) provide such inspection services for the protection of the Canadian consumer as
i) he considers necessary for the enforcement of any Act under his administration, or
ii) the Governor-in-Council may direct him to provide."

The consumer research mandate which is found in subsection 6(2) authorizes the Minister to:

> "undertake research into matters in which the powers, duties and functions of the Minister extend, co-operate with any or all provinces or with any department or agency of the Government of Canada or any organization or person undertaking such research and publish or cause to be published, or assist in the publication of, so much of the results of any such research as the Minister deems appropriate and in the public interest."

The provisions reflect the Canadian Parliament's intention that CCAC act with regard to problems of a broad nature as well as those which are specific to individual consumers. Generally, CCAC is charged with the responsibility for acting in the consumer interest irrespective of its form. However, while the departmental mandate provides for broad and far-reaching activities in the consumer interest, the early programs and policies of CCAC tended to take a much narrower focus due to the existence of a large number of rather specific, well-defined consumer problems. The approach to problem resolution in these cases tended to concentrate on the development of legislative and regulatory solutions rather than on the development of methods and procedures for improving the efficient operation of the marketplace through self-help and co-operative activities among consumer groups, governments and industry.

Recent Developments

More recently, an awareness has developed within CCAC

...gislative and regulatory solutions to consumer problems may be less appropriate. First, the relatively straightforward problems have been dealt with. Due to their multi-faceted nature, many of the new and emerging consumer and social problems do not lend themselves readily to legislative or regulatory resolution. Second, changing economic realities have placed significant resource constraints on governments. These developments have created a situation which is no longer conducive to approaches to problem resolution which require extensive bureaucratic and regulatory structures. As such, CCAC has instituted a major shift in emphasis over the past few years. Specifically, policy now tends to place primary emphasis for problem resolution on the development of alternative actions designed to improve the functioning of the marketplace and on the consumer's ability to operate effectively within it. The result has been an explicit set of action priorities which emphasize: first, the enhancement of the consumer's ability to operate within the market system on his/her own behalf; second, the encouragement and promotion of effective problem resolution through consultation and co-operation with provincial governments, consumer groups, and industry; and finally, the development of programs for direct legislative and regulatory intervention in those areas where it can be shown that the identified problems cannot be resolved through either of the first two approaches, or that there is a basic market failure. This fundamental alteration in the operating philosophy of CCAC has had three effects. First, it has encouraged a much broader perspective with regard to the potential means for problem resolution, enhancing the Department's ability to achieve its legislative mandate. Second, it has placed increasing pressure upon program and organizational structures, originally designed to deal with the consumer interest in a narrower legislative and regulatory perspective, to discover effective ways of promoting informed decision making and self help by individual consumers. Third, it has led to a recognition of the need for a much more fundamental understanding of consumer behaviour in the marketplace prior to the development of government policy.

These effects have been reinforced by substantial social and political pressure directed at avoiding regulatory approaches to problem resolution and to seriously review existing regulatory structures with regard to their economic and social benefits and costs. There is an increasing realization that in many instances government regulation has created serious secondary problems. Indeed, these secondary problems have often been more severe, and, in many cases, more difficult to resolve than those for which such interventions were originally intended.

The Consumer Research and Evaluation Branch

In principle, the domain of consumer policy embraces the entire range of areas which are of interest to persons who are recipients and users of society's goods and services. The set of issues which touch upon the consumer interest is thus potentially unlimited. Ultimately, all final products of social and economic institutions are, in one form or another, items of consumption and all of the factors which effect this eventual utilization are of concern to the citizen qua consumer. Indeed, "consumer affairs" is not so much a label for a category of problems (although it has historically been that as well) as a particular perspective on traditional social and economic relationships: it looks at such relationships from the point of view of their final purposes, uses and consequences. Such a perspective makes it possible to define "the consumer interest" - often, but not always, by way of contrast to the "producer interest" - with respect to any particular area.

The very breadth of this perspective, however, has of... frustrated attempts to develop an effective research effort in this area. There has been great pressure t... develop quick solutions to specific problems; e.g., u... safe automobiles, adulterated and over-priced food, hidden credit charges, and the side effects of industrial production; rather than to develop a rational framework for analysis from which to approach and analyze emerging consumer issues. As such many policy responses have been ad hoc and have not accomplished their intended purposes. From a research, and indeed policy, perspective what is most urgently required is just such a framework within which to organize availab... knowledge and determine investigative priorities. The development and implementation of this framework has assumed a high priority in the Consumer Research and Evaluation Branch.

In addition to the development of an appropriate research framework, it is necessary to ensure effective means for moving research results into appropriate policy and programme developments. In the early years of CCAC, the consumer research function was inward looking and oriented towards short-term problem analys... and program development. Very little attention was pai... to systematic market intelligence, examination of long term trends, evaluation of fundamental or empirical research or to the value of intellectual capital building Further, most research was performed in-house and littl... encouragement was given to the development of an effective and integrated consumer research community outside government. In 1975 this began to change. The purpose and functions of consumer research in the Department wa... reviewed and in late 1976 a new structure and philosoph... was proposed and adopted.

Definition of Objectives

The first step was to carefully define, in an action format, the objectives of the research and evaluation functions within a consumer context. Essentially, the mandate of any such operation should be to 1) identify consumer problems, 2) investigate the nature and extent of these problems, 3) develop effective and efficient means for problem resolution, 4) develop plans for the implementation of policies and programs in conjunction with other interested parties, and finally, 5) evaluate the effectiveness of existing and proposed policies and programs.

Within this context, the objectives and means for problem resolution were stated as:

(1) identification of current and potential problems likely to be of general concern to Canadian consumers as well as those likely to be of concern to particular classes of consumers such as the poor and the ill-informed;
- by developing and maintaining an effective market surveillance system,
- by maintaining close contact with governmental agencies within the provinces and outside Canada which are involved in consumer affairs, and
- by attending and participating at conferences and meetings, both domestic and foreign, where consumer issues are likely to arise and where the consumer interest requires representation.

(2) in-depth investigations and analyses of these problems, including reviews of legislative, regulatory and other actions taken in other jurisdictions;
- by placing the problem in perspective with regard to its origin and fundamental causes,
- by examining and evaluating the body of knowledge applicable to the particular problem,

- tical, sociological and behavioural analyses to the problem,
- by reviewing legislative, regulatory and program activities of other jurisdictions and evaluating the applicability and effectiveness of approaches taken in a Canadian context,
- by the preparation of thorough reports and papers on these problems and on the alternative methods for their resolution, and
- by circulating these papers and reports to obtain the benefits of the insights of other experts in the field.

(3) development of plans for remedial action suggesting policies which will effectively and efficiently resolve these problems and the presentation of these plans to senior departmental management;
- by ensuring that the objectives of any contemplated policies or programs are clearly stated in terms of their benefits to "end users",
- by undertaking socio-economic policy analyses which reflect sound research on the problem area,
- by preparing discussion papers and briefing materials which place the problem in perspective and suggest and evaluate alternative solutions,
- by establishing "action teams" to develop plans for the efficient implementation of plans and policies being considered, and
- by consulting widely with other federal and provincial government departments and agencies, consumer groups, industry, trade associations and other interested parties.

(4) implementation of these plans in cooperation with other branches, federal departments, provincial governments, consumer groups, industry, trade associations and other interested parties;
- by forming, where appropriate, Task Forces for policy implementation which include the various interested parties,
- by involving, to the extent possible, provincial governments, consumer groups and industry in the implementation and administration or programs, and
- by ensuring that sound operating procedures, consistent with the goals and objectives, are established for any policies or programs.

(5) evaluation of current and proposed legislation, regulation and programs in order to assess their effectiveness in achieving their stated objectives;
- by developing monitoring and performance measurement systems to ensure that policies and programs perform according to stated objectives in an efficient and effective manner,
- by conducting periodic policy and program evaluations to ensure their continued efficiency, effectiveness, and relevance, and
- by preparing policy reports and action plans for senior departmental management consideration.

These objectives and means clearly specified the role of the Consumer Research and Evaluation Branch in a functional form. They are stated according to their sequence in the policy development-implementation-evaluation process and include the main functions which are required for their realization. With this statement of objectives and means in hand, attention turned to the consideration of an efficient organizational structure and of an operational work plan necessary to achieve the reorientation of the Branch.

Phases in the Research Perspective

The combination of the breadth of perspective and the natural tendency of consumers and consumer groups to coupled with an environment of economic restraint, tend to operate against planning and systematic policy development, and, therefore, against the establishment of a longer-term research perspective. This is not to say that a more systematic and comprehensive approach is impossible to achieve, only that its introduction must be phased and carefully planned. First, an overall plan for research must be developed which is broad enough to encompass the field, yet flexible enough to allow careful focus on individual issues. Second, a period of "capital building" must be undertaken to provide the perspective required in developing sound policies with regard to general as well as individual issues. In this capital building phase, there must be a serious review of priorities and decisions taken to postpone non-essential, short-term work in order to release required resources. Third, analyses of the "state of the art" in the various priority research areas must be completed and specific projects designed to fill serious gaps or to advance the level of understanding. Fourth, research personnel must be identified and retained who are capable of thorough analyses and who have a public policy perspective. Fifth, a series of position papers on the major policy areas must be prepared to act as the bases for future policy development and program design. These position papers must be reviewed and revised from time to time as new research results become available. During these phases, short-term priorities must be dealt with in as systematic and comprehensive a fashion as is possible. Indeed, the careful treatment of short-term problems can, and should, be integrated into the capital building exercise.

Implementation of the above process depends critically upon the specification of a functional structure within which consumer issues can be analyzed. To be effective such a structure must be capable of encompassing issues along five main dimensions:

(a) issues relating to subject-matter areas of direct involvement by consumers. These would include all issues arising from consumer products and services from the point of view of their design, production pricing, purchasing, usage, safety and performance as well as issues relating to the structure and operations of suppliers involved in the production and distribution process;

(b) issues relating to the "modes" whereby distributio and trade are affected. These would include all issues arising within the realm of the exchange process in the marketplace, including packaging, physical distribution, and promotion;

(c) issues relating to the selection and acquisition o goods and services by consumers. These would include all issues relating to the consumer decision-making process; pre-purchase search behaviour, information processing, product/service selection and post-purchase satisfaction, information and verification and conflict resolution;

(d) issues relating to the legal and regulatory structure governing the activities of the various groups in the consumer system; and

(e) issues relating to the impact of exogeneous or environmental factors on consumers. These would include inflation, energy and resource conservation, environmental protection, and so.

The Branch Organization Structure

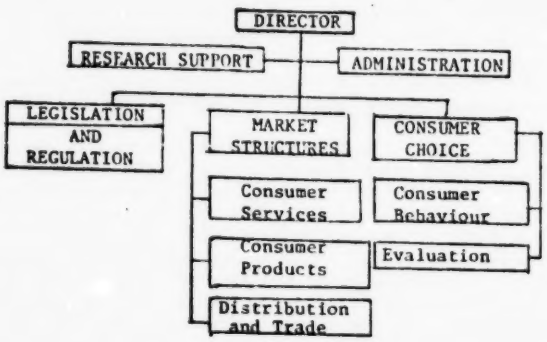
Within this context, a structure was developed (see figure A) which established three main focal points for

[illegible] activity: Market Structures, Consumer Choice, and Legislation and Regulation. The Market Structures Unit was sub-divided into three sub-areas: consumer products, consumer services, and distribution and trade. These three sub-areas were intended to encompass dimensions (a) and (b) above. The Consumer Choice Unit was sub-divided into two sub-areas: consumer behaviour and program and policy evaluation. These sub-areas were intended to encompass dimension (c)*. The Legislation and Regulation Unit was undivided and was intended to encompass dimension (d). Due to the pervasive nature of the issues found in dimension (e), no specific research unit was identified. Rather, each of the three units identified above was charged with providing input from their individual perspectives. In addition to the specification of these three main focal points for research, an effective Research Support Unit was formed in order to optimize the productive use of time by research professionals.

This structure should not be construed to imply that each research unit operates in isolation. On the contrary, while the individual research units are charged with primary responsibility for issues arising within their particular dimension, it is required that for any given research project, a team made up of a member or members from all three research units be constituted to ensure that all aspects of a particular issue are considered.

FIGURE A

THE CONSUMER RESEARCH AND EVALUATION BRANCH
CONSUMER AND CORPORATE AFFAIRS CANADA



The Operation Plan

Apart from the research function itself, a system for moving an identified problem through all the phases of the policy process was developed. In this regard, an action format was defined involving the entire Consumer Bureau of Consumer and Corporate Affairs Canada. It established clear means for identifying and classifying emerging consumer and market problems and for assigning responsibilities for action. Under this system, a Bureau Management Committee focuses on the problem recognition and problem assessment functions. Regular meetings of this management committee are convened to assess current and emerging developments that have been identified as adversely affecting the welfare of Canadian consumers. The problem assessment procedure is applied in an appropriately distinctive fashion to both new consumer market problems and those currently being addressed by Bureau policies and programs. The performance measurement, program review and policy evaluation systems, which are built into ongoing Bureau activities, provide a large part of the data utilized in the assessment of consumer problems under review.

Consumer problems are classified as falling into one o three general areas: (a) basic market failures; (b) substantive, recurring market imperfections and (c) exigent, small-scale market problems. Each of these initiates a different type of Bureau response. For example, if the identified problem is assessed as a basic market failure deriving from the inter-relationship of market structure variables, from the institutional and legal framework, from the performance of businesses or from consumer behaviour, and no current response mechanism exists, in-depth policy analysis is required in order to develop an appropriate government position. A policy analysis research plan is prepared with periodic reports as the analysis progresses. The completion of the policy analysis research stage leads, in most cases, to the development and design of consume programs and/or legislation. From this point on, the activities are similar to those for "substantive, recurring market imperfections", with steps involving a program implementation plan, a performance measurement system and a policy and program evaluation strategy. A matrix managed project team is assembled with research officers playing the lead roles at the policy analysis research stage, and program development and implementation officers taking up the workload during the program design and implementation phases. Periodic meetings of the entire team allow the project to enjoy the synergistic benefits of its multi-disciplinary composition.

The introduction of regular meetings of the Bureau Management Committee, with a carefully defined methodological approach to assessing the impact of Bureau activities on Canadian consumers, serves to center the time horizon of senior managers on the medium to long-term and facilitates the development of longer term program plans. The project team approach to the resolution of consumer market problems serves to rationalize the work of the Bureau and allows maximum exploitation of the comparative advantages of professionals in different organizational units.

The Conduct of Consumer Research

The above describes the structure and operations of the Consumer Research and Evaluation Branch from the organizational and process perspectives. An equally important perspective relates to the actual conduct of research, the Branch's role in stimulating consumer research outside Ottawa and its role in focusing the attention of researchers on important policy issues.

First the Branch has a policy of maintaining a relatively small staff (15) of highly qualified researchers trained in the fields of economics, sociology, behaviour sciences and law. These researchers have a heavy policy orientation in their work. Their role is: to identify and define emerging consumer issues and the nature of the research required by the policy process, to conduct certain research and to identify competent external researchers, to let and manage research contracts, to ensure that the research maintains a policy perspective, and to assist external researchers in translating their results for application by operating managers within the Department, or within other public policy units. The general approach to consumer policy is first to define and analyze consumer problems and develop

* It should be noted that program and policy evaluation functions are performed by each of the research units. However, since the majority of consumer programs and policies are designed to impact upon consumer decision

(cont'd.) making process in one way or another, the organizational responsibility for evaluations was placed with the Consumer Choice Unit.

appropriate policy responses, and second to determine which public policy unit can most efficiently implement that policy. In this process the respective governments maintain close contact through specially constituted Task Forces.

Second, the Consumer Research and Evaluation Branch has developed a number of means to facilitate consumer research in Canada. It has recently instituted a Consumer Research Newsletter which, while admittedly in its infancy, is designed to inform researchers and policy makers of each others needs and activities. Similarly, a Consumer Research Report publication series has been instituted to disseminate all major consumer research work done by or for the Branch. This is a refereed series with each publication being assessed by scholars in the relevant field. Of course, the series focuses attention on areas of current government interest. A Senior Management Seminar Series has been initiated which brings together researchers and departmental managers for the purpose of discussing the program and policy implications of in-house and contract research. These seminars are followed up by working contacts between managers and researchers to enhance the implementation of research findings. Conferences are being planned which will bring together government and business leaders, consumer represenatives and researchers to expose problem areas and to discuss the options for their resolution in view of research results. These will occur infrequently when a major research program is in its final phases. At earlier times, contacts are maintained with business leaders and consumer representatives to obtain their inputs into research program design, as well as to elicit assistance in data collection, etc. A goal is to achieve a highly collaborative environment for problem resolution based on sound consumer research. Finally, contacts are being established with most major consumer research operations throughout the western world in order to share worthwhile results and methodologies.

Third, a research system has been developed to be used in defining major problem areas and implementing research programs. This sytem has been most successful in launching three recent research efforts. These are in the areas of consumer behaviour and decision making, energy conservation and products liability. Essentially, the exercise begins from the point of problem recognition and the priority assignment from senior management. With this assignment a small group of the principal Canadian researchers in the field are called together for a problem definition seminar lasting one or two days. Based on this a problem statement and a preliminary set of research program objectives are prepared. A full scale annotated bibliography in the relevant areas is then commissioned and the search for available data sources is begun. During this process the problem statement and research program objectives are revised in view of comments from outside experts and internal managers. Upon receipt of the bibliography, copies are sent to all interested researchers and preliminary proposals solicited for individual studies defined in the research program statement. A second research planning conference is then held to discuss proposals and finalize the research program. Final proposals are then developed and accepted. Typically the Branch attempts to plan a two or three year research program in some detail with quarterly updates.

This sytem appears to be providing an effective means for defining consumer issues, planning, conducting and coordinating consumer research in Canada, and for moving research results expeditiously through the policy process. Clearly there is much to learn and the system will undoubtedly be modified in many ways over the next few years. However, the initial results have been most promising and there is hope that developmental efforts will lead to enhanced consumer representation and protection in Canada, and to a greatly increased research input into the policy process.

The Way Ahead

While it is believed that progress has been achieved, there are a number of areas which should be mentioned as prime candidates for future activity. First, the newly implemented research-policy system must be thoroughly tested against organizational and political realities. Challenges to the success of the system will come on several fronts. For example, the ever present bureaucratic inertia must be overcome and the political need for quick, highly visible policy responses to complex problems must be dealt with. The actual operation must be carefully orchestrated to ensure a smooth and efficient transition of a problem through the policy development process. Careful attention must be paid to the coordination of the various organizational units which are involved in the systems operation. Finally, due to the inter-disciplinary nature of the consumer field, it is critically importa to harmonize the contributions of the disciplines of law, sociology, economics, consumer studies, marketing applied psychology, and so on.

Second, a much improved problem recognition and definition capability must be developed. This will involve the integration of a large number of market surveillance functions such as the existing complaint and enquiry systems, periodic surveys of consumer satisfaction and market behaviour, and so on, in order to develop a policy oriented data matrix and reporting system for use by senior decision makers. More fundamentally, this capability will depend upon the development of a sound body of basic research in the areas of consumer behaviour, legal and regulatory structures, and the operations of consumer markets. In addition, it will be necessary to establish and maintain a network of researchers which spans the various disciplines identified earlier. These researchers must be provided with support, financial and otherwise, in order to stimulate interest in the field concentrate their focus in areas of significant policy importance, and to ensure the efficient use of their available time.

Third, actions must be taken to improve the "total policy" concept. Attention must be given to the development of objective measures of the efficient and equitable operation of markets as viewed from the consumer's perspective. There must be a dramatic improvement in the scope and application of socio-economic impact analyses to policy alternatives. There is a need to enhance the role and importance of non-governmental parties in the policy-making process beyond the traditional "pressure group" system. Efficient alternatives to legislative and regulatory means for implementing policy must be developed. Approaches must be developed for concentrating the consumer's self-interest on problem resolution through information, education, the provision of effective redress mechanisms, and the promotion of advocacy both by the consumer and by third parties.

These are but a few of the topics which must be considered by consumer policy makers in the near future. We, in Canada, are hopeful that our efforts will combine with others throughout the world in the development of innovative and effective new policy responses to the resolution of current and emerging consumer problems.

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